

Minutes of Waukesha County Airport Operations Commission
June 30, 2011

Chairman Crowley called the meeting to order at 8:08 a.m.

Commissioners Present: Crowley, Bluemke, Falstad and Richards. Not present: Schoepke.

Others Present: Betsy Crosswaite, Waukesha County; Vince Masterson, Waukesha County; Harry Becker, Atlantic Aviation; Keith Markano, Airport Manager; and Kurt Stanich, Airport Operations.

Discussion on 2012 Airport Budget – Chairman Crowley: Today's meeting is for discussion and input on the 2012 budget (still in draft format and Commissioner's received copy). Mr. Markano will present the to the County Executive on Wednesday, July 6, 2011 (12:15-1:00 pm). The Commissioners are welcome to attend this meeting. After meeting with the County Executive, the 2012 budget will go to the County Board for approval. Chairman Crowley asked Mr. Markano to proceed with the budget item.

Mr. Markano – Airport Statement and Purpose has not changed. The purpose is to maintain the airport proactively, manage and operate the airport in a fiscally prudent manner with ultimate goal to reduce the tax levy when possible. Financial summary – Snapshot of all the program codes shown on the following pages, this is the overall total of all the program codes. Commissioners also received summaries from 2010 actual, 2011 adopted, 2011 estimate and 2012 budget request. You will notice it looks the same until you get down to expenditures and departmental charges up 66.1%. This is because the mowing charges were moved from an outside contractor to the Highway Division.

Mr. Markano read the Departmental Outcomes and Objectives for 2012 and reviewed the performance measures for the objectives with the Commission.

Building, Grounds & Ramp Operations/Fixed Based Operator Program Codes– These combinations are the biggest part of the airport budget in both expenditure and revenue. Revenues come from hangar rentals, land leases, fuel volume, income from FBO leased facilities, and money received in recoveries from utilities and other minor items. Charges for services are up slightly. This is good to see since we have two T-hangar buildings (17 individual T-hangar units) that are out of commission at this point. A severe storm last October tore the roof off T-hangar 674 and hangar 511 had significant frost heaving issues that forced the airport to vacate those two buildings. Even though losing 17 aircraft hangar units, we did have some aircraft coming to Waukesha from Timmerman and aircraft from out of state that helped recover some of the lost revenue from the hangar vacancies.

Richards – In revenue, does it show the tax money that comes from the hangars?

Mr. Markano – No, this is part of the tax levy. We just look at what tax levy comes back to the airport, we do not maintain what they pay to the City.

Richards – Then isn't this shown disproportionately because they are looking at this as an expense and not a source of revenue? Shouldn't we be showing what goes to the County as far as revenue is concerned.

Mr. Stanich – Last year this was included as a line item but cannot be included in the budget because the revenue does not come to the airport.

Richards – We need to send a positive message that this is a revenue source and not just an expenditure. This is something the County Board Supervisors need to be informed of.

Chairman Crowley – This information is pointed out in the annual report.

Mr. Markano - In other revenues, we expect a decrease because the snow removal contractor has proven to be better than the last contractor with less damages to grounds.

Bluemke – The County has done a wonderful job in keeping up with the airport grounds. But in the County budget, municipalities have had to cut their budgets. Is there a possibility the County Budget is going to be cut where they will not have the personnel to assist the airport?

Mr. Markano – Does not think this will happen. The County has enough personnel and the airport takes up some of the freed up time from the Highway. Has not heard anything from Public Works Director, so should not worry about this

Mrs. Crosswaite – Highway (Public Works Division) will continue the mowing operations at the airport.

Mr. Markano – **Personnel costs** are very minimal, this is due to the State Budget Repair Bill requiring most of the County employees to contribute to the WRS (Wisconsin Retirement System) system. **Operating Expenses** are down \$26,543 but then show an increase in departmental charges of \$37,071 (grass cutting charges reflected here).

Mr. Markano went over the activity chart explaining buildings that are county owned facilities, square yardage of pavement and acres of grass that is mowed. Looking at a change this year of losing one building (674 T-hangar) documents for building removal will be going out for bid soon and most likely in 2012 will have removal of hangar 511.

Control Tower & Fueling Operations – This does not contain the fuel flowage revenue. The revenue from these codes is strictly from the lease of the fuel farm. These charges go up relatively very minor by CPI and this increase is applied to the FBO lease on fuel farm. Some of the operating decrease expense comes from some of the Tower equipment finally coming to an end in depreciation (voice switch and some of the radios).

Administrative Services – The major revenue source for this is tax levy. There is nothing in administrative services that is revenue producing other than the ID badges and these have been included. There is no fund balance being appropriated in 2010. There was fund balance for the 75th Anniversary event (\$5,000) and Marketing (\$40,000). To get the budget at target without using an increase in fund balance, marketing was not included. We would like to keep the marketing program going and not lose the momentum we have going. Personnel costs are very minimal and operating expenses are down. Interdepartmental charges are up due to technology fund and computer replacement.

Capital Projects – Capital projects are mostly the same with the estimated completion dates. Delays have been due to funding issues with the FAA. Capital project 201213 has been added which is a replacement for T-hangar 674.

Richards – Confused on snow removal equipment building. Wasn't the County looking at Century Fence for this.

Mr. Markano – Century Fence is being looked at. An ordinance had to be created to give the airport budgetary authority to have the appraisals done and this went to the County Board on Tuesday evening.

Commission would like to change the wording on Objective 6 (exploring land acquisition).

Chairman Crowley – Financial Summary – County Tax Levy – In 2010 Actual listed as \$192,563, is this correct?

Mr. Markano – Correct.

Chairman Crowley – In 2009 Annual Report actual tax levy was \$190,188. There was an increase, not aware of this.

Mr. Markano – No, there was no increase. The numbers are broken up differently in the annual report.

Mrs. Crosswaite – Can give him a history of what overall levy is supporting the airport going back a few years.

Chairman Crowley – The Commission's main objective has been to maintain or continue to reduce the tax levy and does not want any questions raised at the County Board level that there have been increases and they misinterpret this.

Chairman Crowley – How do we explain that we did not actually reduce the tax levy this year?

Mr. Markano – We started to see the recession in 2007 when all of a sudden the interest in hangar lots dried up. We see sporadic interest in building, deposits on lots when economy seems to look better then they let deposit lapse when economy seems to go down. Then we see the fuel costs, and the uncertainty of what is happening with 100LL.

Chairman Crowley – Would like to have this information available in case any questions are raised during the budget presentation next week and for the annual report.

Bluemke – Amazed that during this recession nothing has changed and this should be pointed out to the County Executive that despite the hardships going on in aviation the airport has managed to keep the tax levy the same.

Chairman Crowley – Does Atlantic have projections on fuel activity and fuel purchases, do they do projections on annual basis and does this match what Mr. Markano has listed as our projections?

Mr. Becker – Fuel prices spiking up so high this summer was unexpected and thought there would be some reductions when the President released 3 billion gallons (hasn't happened yet) in fact 100LL price has gone up. Have seen some drop in Jet A but not in 100LL (refinery issues). The 100LL issue is really a problem and from what he has been hearing, it is not going to get a lot better. Mr. Becker and a representative from Atlantic would like to meet with Mr. Markano to discuss the fuel issue.

Chairman Crowley – With no further comments or questions, the Commission will request Mr. Markano make the adjustments from today's meeting before the budget presentation to the County Executive.

Mr. Markano – The changes will be made and any comments suggested by Finance and Mrs. Crosswaite.

Bluemke and Chairman Crowley – Would like to see a return on investment comment in the annual report or in the budget to show revenue brought in through the marketing program and Atlantic Aviation.

Mr. Markano will talk to Mrs. Crosswaite on providing this.

Adjourn

Vice-chairman Bluemke moved with second by Richards to adjourn. Motion carried. Meeting adjourned 8:57 a.m.

Respectfully submitted,

Dick Richards
Secretary
June 30, 2011